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DRAFT REPORT OF THE SPECIAL COMMITTEE ON PREFERENCES ON ITS NINETEENTH SESSION

Held at the Palais des Nations, Geneva,
from 18 to .. May 1992

Rapporteur: Mr. Ricardo Melendez (Colombia)

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INTRODUCTION

1. The nineteenth session of the Special Committee on Preferences was held from 18 to .. May 1992. In the course of its session, the Special Committee held ... plenary meetings (172nd-...).

2. This report gives an account of the deliberations in plenary meetings, as well as in the Sessional Committee of the Whole established to consider and report on agenda item 4 (harmonization and improvement of the rules of origin).

Introductory statements

3. The Deputy Secretary-General of UNCTAD said that the decision by UNCTAD VIII to maintain the Special Committee was a clear reflection of its importance. The work programme would remain relevant during the 1990s, as the Conference had called on the Special Committee "... to examine the scope and possible modalities for extending preferential treatment to developing countries with respect to goods, in accordance with the principles and objectives underlying the GSP". This mandate offered possibilities for improving the GSP in several ways: eventual inclusion of agricultural products subject to tarification; examination and incorporation into the schemes of GSP export-promoting measures; elimination or reduction of certain non-tariff measures; examination of multilaterally agreed objective criteria for changing product or country coverage; and consideration of special preferential tariff regimes between developed and developing countries. Upon the successful conclusion of the Uruguay Round and the extension of the remaining schemes for the next decade, the Committee might wish to examine the extent of erosion of preferential margins and provide guidelines for offsetting this and enhancing the impact of the GSP. The GSP had surely made an invaluable contribution to the industrialization of developing countries, as a growing number of beneficiaries had developed export-supply capabilities in semi-manufactures and manufactures closely matched to the product coverage of the GSP. An increase in coverage would extend these trends, allowing the more poorly endowed developing countries, and particularly the least developed countries, to utilize the system better.

4. Provision had been made for a Sessional Committee on the Rules of Origin to be convened during the current session. It would continue the examination of ways and means to simplify, harmonize and improve the varied and complicated rules of origin. Since the inception of the Special Committee, resolution after resolution had called for such action. Solutions were needed for better utilization of the GSP.

5. The increased demand for technical cooperation was another indicator of the importance of the GSP. Not only were developing countries now in a better position to use the GSP, but they were establishing GSP focal points, and learning about laws impacting on their trade. At the request of ESCAP, the Committee also had before it a report of an ESCAP Intergovernmental Meeting on the subject of graduation in the Asian context. The result of a careful study of the effects of graduation under an UNCTAD executed UNDP project, this report clearly demonstrated the effective cooperation between UNCTAD and ESCAP and the important role of technical cooperation programmes as input to the substantive work of UNCTAD.

6. One of the strengths of the Special Committee was its facility for informal bilateral and plurilateral consultations between preference-receiving and preference-giving countries. The many requests made for such consultations during the present session were expected to have positive results as well as to provide encouragement to the preference giving countries which had not yet done so to extend their GSP schemes into the twenty-first century.

7. Three years ago the Special Committee had initiated the development of computer software designed as a practical tool to help exporters and government officials implement the GSP and thus he was pleased to announce that the completed software package, entitled "Trade Analysis and Information System" (TRAINS), would be demonstrated and distributed to all UNCTAD member States during the present session.

8. The Director and Coordinator of the International Trade Programme reiterated that the Special Committee on Preferences was the only permanent Committee of the Trade and Development Board to be retained following

UNCTAD VIII. While retaining its terms of reference, the "Spirit of Cartagena" and the relevant paragraphs of the Cartagena Commitment relating to the GSP would govern its work. Having regard to the importance of the Special Committee, the first session of the third decade of the GSP should be aimed at strengthening the impetus for an effective GSP during the 1990s.